

What's the Best Equity Solution for My Practice?

QUESTIONS & CONSIDERATIONS	TRADITIONAL BUY-IN	PROFITS INTEREST UNITS	RESTRICTED STOCK UNITS
I want to offer Equity at Practice-level	✓	✓	✗
I want to offer Equity at Company-level	Maybe	✗	✓
My Practice(s) is(are) “mature”	✓	Maybe	✓
I want to offer Equity to a Lead Associate only	Maybe	✓	Maybe
I want to offer Equity to ALL Associates	Maybe	✗	✓
Associate Debt required?	✓	✗	✗
Cross-Collateralization impact?	✓	✗	✗
I want to Maintain the # Locations I have	✓	✓	Maybe
I want to Add to the # Locations I have	Maybe	Maybe	✓
I want to Sell to an External Buyer	Maybe	✓	✓
I want to Sell to an Internal Buyer	✓	Maybe	Maybe

OWNERSHIP AND RIGHTS:

Associate Target Ownership (%)	20 - 40%	20 - 30%	1 - 5%
Voting Rights?	✓	Maybe	Maybe
Distribution Rights?	✓	Maybe	Maybe
Vesting Schedule?	✗	✓	✓

OTHER CONSIDERATIONS:

Legal Structure Considerations	Operating Agreement & Asset Purchase Agreement	DSO Structure with Management Services Agreement, as well as Operating Agreement & Award Agreement	DSO Structure with Management Services Agreement, as well as Operating Agreement & Award Agreement
Tax Implications	Taxed as income on distributions and LTCG upon sale	Taxed as income upon vesting and as LTCG upon sale	Taxed as income upon vesting and as LTCG upon sale
Accounting Structure & Cap Table Updates?	✗	✓	✓
Valuation	Practice-level	Practice-level	Company + Practices